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PART IV

Section 1-A

BILLS INTRODUCED IN THE CENTRAL LEGISLATURE WHICH IF ENACTED WILL APPLY TO MYSORE AND THE REPORTS OF SELECT COMMITTEES, IF ANY, THEREON.

NOTIFICATION.

No. L. D. 521—Legis. 8-50-4, dated Bangalore, the 17—18th May 1950.

Ordered that the accompanying Reserve Bank of India (Amendment) Bill, 1950, (Bill No. 38 of 1950), published in the *Gazette of India*, dated the 29th April 1950, be republished in the *Mysore Gazette*, for general information.

By Order of His Highness the Maharaja,

B. S. PUTTASWAMY,

Legal Remembrancer and Secretary to Government, Law Department.

PART II—Section 2.

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Bills and Reports of Select Committees on Bills.

PARLIAMENT OF INDIA.

The following Bill was introduced in Parliament on the 19th April, 1950:—

BILL NO. 38 OF 1950.

A Bill further to amend the Reserve Bank of India Act, 1934.

BE it enacted by Parliament as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Reserve Bank of India (Amendment) Act, 1950.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint in this behalf.

2. *Substitution of "India" for "States" in Act II of* 1934.—In the Reserve Bank of India Act, 1934 (hereinafter referred to as the said Act), unless otherwise expressly provided, for the words "the States," wherever they occur, the word "India" shall be substituted.

3. *Amendment of section* 1, *Act II of* 1934.—In sub-section (2) of section 1 of the said Act, for the words and letter "Part B States" the words "the State of Jammu and Kashmir" shall be substituted.

4. *Amendment of section* 2, *Act II of* 1934.—In section 2 of the said Act,—

(*i*) clause (*bb*) shall be relettered as clause (*c*);

(*ii*) the existing clause (*c*) shall be relettered as clause (*f*) and that clause, as so relettered, shall be inserted after clause (*e*);

(*iii*) after clause (*f*), as so relettered and inserted, the following clause shall be inserted, namely:—

'(*g*) the expressions "State Government" and "State Governments," unless otherwise expressly provided, do not include the Government of the State of Jammu and Kashmir.'

5. *Amendment of section* 11, *Act II of* 1934.—In section 11 of the said Act,—

(*a*) in sub-section (1), for the words "any other Director" the words "any other Director or any member of a Local Board" shall be substituted;

(*b*) in section (5), for the words and letters "of a Part A State or a Part C State," the words "of any State" shall be substituted.

6. *Amendment of section* 17, *Act II of* 1934.—In section 17 of the said Act,—

(1) in clause (1), the words and letter "Part B States" shall be omitted;

(2) in sub-clause (*b*) of clause (2), for the words "nine months" the words "twelve months" shall be substituted;

(3) in sub-clause (*c*) of clause (2), the words and letter "or such securities of Part B States as may be specified in this behalf by the Central Government on the recommendation of the Central Board" shall be omitted;

(4) in clause (4),—

(a) the words and letter "Part B States" shall be omitted; 34.

(b) in sub-clause (d), for the words "which have been transferred" the words "such documents have been transferred" shall be substituted;

(5) for clause (6), the following clause shall be substituted, namely :—

"(6) the issue of demand drafts, telegraphic transfers and other kinds of remittances made payable at its own offices or agencies, the purchase of telegraphic transfers, and the making, issue and circulation of bank post bills;";

(6) in clause (8),—

(a) the words "or such Part B States" shall be omitted;

(b) in the first proviso, for the words "authority or State," in both the places where they occur, the words "or authority" shall be substituted,

(c) the second proviso shall be omitted;

(7) in clause (11),—

(a) the words "or any Part B State" shall be omitted; and

(b) after the words and figures "established under the Industrial Finance Corporation Act, 1948," the words "or the Government of any such country outside India or any such person as may be approved in this behalf by the Central Government" shall be inserted;

(8) in clause (13), for the words "in the shares" the words "in the shares and securities" shall be substituted;

(9) in the second proviso to clause (14), for the words "share capital" the word "capital" shall be substituted.

7. *Amendment of section* 19, *Act II of* 1934.—For clause (2) of section 19 of the said Act, the following clause shall be substituted, namely :—

"(2) purchase the shares of any banking company or of any other company, or grant loans upon the security of any such shares;".

8. *Amendment of section* 20, *Act II of* 1934.—In section 20 of the said Act, for the words and letter "the State Governments and such Part B States as may be approved of and notified by the Central Government in the *Gazette of India*," the words "and the State Governments" shall be substituted.

9. *Amendment of section* 21, *Act II of* 1934.—In section 21 of the said Act, the following *Explanation* shall be added at the end, namely :—

Explanation.—In this section and in section 20, the expression "State Government" in relation to a Part B State, means the Government of any Part B State in respect of which the Central Government has, by notification in the Official Gazette, declared that it is a Government to which this section or section 20, as the case may be, applies.

10. *Amendment of Section* 26, *Act II of* 1934.—In sub-section (2) of section 26 of the said Act, for the words "save at an office or agency of the Bank", the words "save at such office or agency of the Bank and to such extent as may be specified in the notification" shall be substituted.

11. *Amendment of Section* 33, *Act II of* 1934.—In sub-section (3) of section 33 of the said Act, for the words and figures "of section 18" the words, figures and brackets "of sub-section (1) of section 18" shall be substituted.

12. *Amendment of Sections* 36 *and* 37, *Act II of* 1934.—In sections 36 and 37 of the said Act, for the words "sterling securities," wherever they occur, the words "foreign securities" shall be substituted.

13. *Amendment of Section* 42, *Act II of* 1934.—In section 42 of the said Act—

(1) in sub-section (2), for the words beginning with "Every scheduled bank" and ending with the words "two working days after the date to which it relates :", the following shall be substituted, namely :—

"Every scheduled bank shall send to the Bank a return signed by two responsible officers of such Bank showing—

(*a*) the amount of its demand and time liabilities and the amount of its borrowings from banks in India,

(*b*) the total amount of legal tender notes and coins held by it in India,

(*c*) the balance held by it at the Bank in India,

(*d*) the balance held by it at the other banks in current account and the money at call and short notice in India,

(*e*) the investments (at book value) in Central and State Government securities, including treasury bills and treasury deposit receipts,

(*f*) the amount of advances in India ;

(*g*) the bills purchased and discounted in India, at the close of business on each Friday :

Provided that where Friday is a public holiday under the Negotiable Instruments Act, 1881 (XXVI of 1881) for one or more offices of a scheduled bank, the return shall give the preceding working day's figures in respect of such office or offices but shall nevertheless be deemed to relate to that Friday ; and such return shall be sent not later than two working days after the date to which it relates ;" ;

(2) in the existing provisio to the said sub-section, after the word "Provided," the word "further" shall be inserted ;

(3) in sub-section (3*A*), in clause (*a*) and in the *Explanation*, the words "managing agent" shall be omitted ;

(4) in sub-section (4), for the words "shall be liable to pay to the Central Government or to the Bank, as the case may be, or to each," the words "shall be liable to pay to the Bank" shall be substituted ;

(5) in sub-section (5), for the words "by the Central Government in the case of a failure to make a return under sub-section (2) to the Central Government, or by the Bank with the previous sanction of the Central Government in other cases," the words "by the Bank" shall be substituted ;

(6) in clause (*a*) of sub-section (6), for the words "in any State of India" and "outside the States of India," the words "in India" and "outside India" shall respectively be substituted ;

(7) after sub-section (6), as so amended, the following sub-section shall be inserted, namely :—

"(7) The Bank may, for such period and subject to such conditions as may be specified, grant to any scheduled bank such exemptions from the provisions of this section as it thinks fit with reference to all or any of its offices or with reference to the whole or any part of its assets."

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14. *Amendment of Section* 51, *Act II of* 1934.—In section 51 of the ssid Act, for the words "Auditor General" the words "Comptroller and Auditor General" shall be substituted.

STATEMENT OF OBJECTS AND REASONS.

The amendment of the Reserve Bank of India Act, 1934, has become necessary in certain respects in view of the changed circumstances. There has been a persistent demand for extension of the period of accommodation that the Bank may make available for productive finance in the field of agriculture and co-operation. The powers of the Bank require extension and elaboration, particularly in the matter of issue of remittances other than demand drafts, purchase of telegraphic transfers and the acting as Agents for foreign Governments or other persons specified by the Central Government. It has also been considered necessary that the weekly returns by scheduled banks showing their time and demand liabilities should contain greater particulars than at present; and that powers should be taken for the Reserve Bank to exempt scheduled banks in difficulties due to circumstances beyond their control, from the obligations to maintain statutory balances. The Bill seeks to achieve these objects.

In view of the financial integration of Part B States with the Union, it has also become necessary to extend the provisions of the Reserve Bank of India Act, 1934, to these States generally.

JOHN MATTHAI,

NEW DELHI;
The 10th April 1950.

M. N. KAUL, *Secretary.*

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